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Update of Costa Rica Handbook

Please replace the September 1970 edition of the Costa Rica Handbook with the attached. A new map is included, but please retain the dividers.

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INTRODUCTION

Costa Rica is an oasis of democracy and social progress in the generally backward and politically roiled Central American area. Since its beginning, the country has enjoyed a more stable society and peaceful development than its neighbors. The population is fairly homogeneous and, by Latin American standards, for the most part literate and prosperous. The government has a tradition of responsiveness to the popular will and commitment to the general welfare of its citizens.

Costa Ricans have become accustomed to a high level of social services, which are provided by relatively well-developed public institutions, but there are pockets of neglect where unrest is becoming serious. The Figueres government, installed in May 1970, has made a strong commitment to social reform. However, promises of a short-range war on hunger, poverty, and unemployment and a longer range national development plan have yielded few concrete results. Some programs designed to ameliorate the problems and frustrations of the unemployed and youth are beginning to emerge, but not with the sense of urgency sounded during the 1970 election campaign.

Political restiveness is also increasing as all parties prepare for the 1974 elections. President Figueres, who cannot succeed himself, is the last of a group of politicians who have dominated political life for the past 25 years. His departure will allow younger, and possibly more capable, political hopefuls to move into leading positions. Although emerging social and political strains will continue, Costa Rica is better equipped to deal with them than most other Latin America nations.

I. GEOGRAPHY

Location

Costa Rica spans the Central American isthmus between Nicaragua and Panama. It lies within 900 nautical miles of the Florida Straits and within 700 miles of Cuba.

Area

Occupying an area of approximately 19,700 square miles, slightly smaller than West Virginia, Costa Rica has a maximum northwest-southeast extent of about 190 miles and a maximum northeast-southwest dimension of about 140 miles. The perimeter of the mainland totals approximately 1,215 miles, of which about 415 miles are land boundaries.

Climate

Costa Rica has a hot and humid tropical climate, with distinct wet and dry seasons. The wet season generally is from early May through October or November and the dry season from early November or December through April. In the northeast, however, the wet season is longer, extending into December or January, and at some places a second dry season occurs in September or October. Temperatures have little seasonal variation—generally less than ten degrees Fahrenheit throughout the year. Mean daily maximums are in the 80s and 90s (F) in the lowlands and in the 70s and 80s in the highlands. Mean daily minimums are mostly in the 60s and 70s; slightly lower temperatures occur at the higher elevations. Extreme temperatures range from the low 40s to nearly 100 degrees (F).

Topography

About three fourths of Costa Rica consists of densely forested highlands and plains; the remainder is, for the most part, lightly forested and comprises mainly lowland plains, an upland basin, and a small coastal highland. Dense broadleaf evergreen forests cover much of the northwest-southeast trending highlands that extend the length of the country, a large plain between the highlands and the Caribbean, and parts of a few small plains in the south. The highlands are characterized by rugged hills and highly dissected, sharply cresting mountains. Elevations generally increase

from 5,000 feet in the northwest to more than 10,000 feet in the southeast; the highest is 12,533 feet. The plains are predominantly smooth except for some small dissected areas and scattered low hills. Numerous streams drain the highlands and plains and flow to the Caribbean Sea or to the Pacific Ocean. A large upland basin called the Meseta Central (or central plateau) has extensive coffee plantations and most of the population centers. Located in one of the most active seismic regions of the world, Costa Rica is subject to frequent, damaging earthquakes and also to volcanic activity. In addition, huge sea waves occur occasionally along the Pacific coast, and landslides are common during and after heavy rains in some highland areas.

Natural resources

Apart from a rich agricultural endowment, Costa Rica has a generally poor resource base. About 30% of the land is devoted to agriculture. Only 8% is planted in crops, however, the remainder being fallow or natural pastureland. About one third of the forest land, which makes up 60% of the total area, is suitable for agriculture, but the high cost of clearing it and constructing access roads has impeded such use. Timber resources are extensive, being estimated at 40 billion board feet, and commercial lumbering is becoming one of the country's most important industries.

Costa Rica has no known commercial deposits of mineral fuels but its hydroelectric potential is one of the highest per capita in Latin America. Mining at present is limited to small amounts of manganese, gold, salt, and construction materials. The most important known mineral resource is a bauxite deposit at Valle de El General that contains an estimated 150 million metric tons of ore averaging 35% alumina. Exploratory work is under way on several copper and manganese deposits, and the commercial possibilities of titaniferous iron sand deposits along the Pacific coast are being studied. Cement production began in 1964 with the completion of a plant adjacent to extensive limestone deposits at Cartago. The plant produces both for the domestic market and for export.

Human resources

Costa Rica's estimated population as of 1 July 1972 was 1,836,000 with a density of about 93 persons per square mile. Its annual growth rate of about 2.8% (mid 1970 - mid 1971) represents a decline from earlier rates, probably as a result of family planning assistance programs. The rate, however, is still high and is one of the major factors contributing to Costa Rica's economic difficulties. Typically, there is a large percentage in the

younger, dependent age groups; according to 1970 figures, 46.4% were under 15 years of age.

The population is ethnically more homogeneous than that of most other countries in Latin America. Almost 98% of the population is white or near white, including some mestizo; 2% are Negro; 0.3% Indian; and 0.1% Asian. Most Costa Ricans are descendants of the early Spanish settlers from Extremadura and Andalusia, later supplemented by immigrants from Castile. In the urban areas of the central valley (Meseta Central), the proportion of persons of pure Spanish descent is very high. The mestizos, on the other hand, are more often in the lower classes and live in rural areas. Some 27,000 Negroes of West Indian origin constitute the only important minority within the country, and they reside mainly in Limon on the Atlantic coast.

Spanish is the native tongue of more than 98% of the population. The Jamaican dialect of English is the mother tongue of most of the Negro population. About 95% of the population is Roman Catholic although the percentage of participating Catholics is much smaller.

The population is essentially rural. The urban population, 37% of the total, is concentrated for the most part in the metropolitan area of San Jose (estimated at 362,731 in the 1970 census), making the province of San Jose the only one with more than 50% living in urban areas. The literacy rate of the working age population (15-64 years) was about 80% in 1970 and is probably higher today. The labor force numbered approximately 530,000 in 1970; only about 6% of it was organized.

II. ECONOMIC BACKGROUND

Growth rates and trends

From 1959 to 1969 the economy of Costa Rica grew at an average annual rate of 6%, or about 2.5% per capita. In 1971, Gross Domestic Product (GDP) per capita was nearly \$555 on a purchasing power parity basis, the second highest (after Panama) in Central America. Economic growth for 1959-64 was erratic and averaged only 4.5% annually, in part because drought and the eruption of the Irazu volcano prevented any gains in 1964. Since that year, however, the growth rate has been one of the highest in Latin America, averaging 8%. This growth has been based largely on rising levels of foreign trade, private investment, and government spending.

After rising 3% annually during 1961-64, the cost of living stabilized in 1965-67. In 1968, however, foreign exchange restrictions limited the dissipation of mild inflationary pressure through import growth, and the cost of living rose by 4%. The increase amounted to only 2% in 1969, when monetary expansion slowed, but rose again to 3.3% in 1971.

Costa Rica is expected to sustain fairly high economic growth rates during the next several years. Mineral development—mainly involving the opening of a bauxite mine and construction of a \$60-million alumina plant—and a further large gain in banana exports are expected to provide the major impetus to growth. Manufacturing output should continue to grow rapidly, though perhaps not at the rate of the 1960s. The pace of economic expansion, however, has been slowed somewhat by a fall in banana prices in the late 1960s and a drop in coffee prices in 1971.

Income distribution

Income is more evenly distributed in Costa Rica than in the rest of Central America, and poverty is less severe than in much of Latin America. Still, a substantial portion of the population is impoverished by standards of developed nations. The Costa Rican small farmer, for example, although better educated than most Latin American campesinos, receives little if any technical assistance from public institutions. He is reluctant to take on credit obligations that may imperil the little he owns, yet he is often indebted to loan sharks for food and other essentials. Much of his low income may go for

some form of land rental. Urban poverty is most serious in the Caribbean port city of Limon, but is continually aggravated in all towns as the rural unemployed flock to the cities.

The large majority of Costa Ricans enjoy a comparatively high level of social services.

Main sectors—trends in agriculture and industry

Agricultural production has been expanding rapidly, achieving a 7% annual growth rate during the 1960s. The government has contributed significantly by providing price supports, storage and credit facilities, and research and extension services. Production growth has been greatest for domestic food crops as a group, but some export crops also have made gains. Nevertheless, agriculture continues to be handicapped by technical deficiencies, inadequate marketing and irrigation facilities, and a lack of farm-to-market roads.

Land distribution is unequal, with only 6% of the farms comprising 62% of the farmland. At the other extreme, a little more than half the farms make up less than 5% of the farmland. In between are a large number of medium-seized farms that make some use of modern techniques and provide a moderately good livelihood. Three fourths of all farms, embracing 85% of the farm area, are owner-occupied. The others are worked by renters, sharecroppers, or squatters.

The chief exports are bananas and coffee. Bananas have shown the most rapid growth in output in recent years and in 1969 replaced coffee as the leading export. After stagnating in the early 1960s, banana production more than doubled during 1965-68 as a result of both expanding acreage and improving yields. Two large US companies (United Fruit and Standard Fruit) dominate the industry. One of these companies and several other importers supplement their production with that of numerous small growers operating under contract. Coffee accounted for about one fourth of agricultural production and two fifths of export earnings during 1964-68, but is gradually declining in importance because of the unfavorable outlook for world market prices and the quota limitations under the International Coffee Agreement. In late 1968 Costa Rica for the first time sold a large portion of its coffee surplus to the Soviet Union; other surplus coffee sales were made to the USSR in 1970, 1971, and 1972. Costa Rica also produces sugar, cocoa, and small amounts of cotton for export.

The country raises a variety of crops for domestic consumption and has attained self-sufficiency in most basic items, except corn and beans. The livestock industry (especially cattle) has been expanding rapidly and now accounts for about 18% of total agricultural production and 9% of total exports. The dairy industry is the most developed in Central America and small amounts of certain dairy products are exported to neighboring countries. Commercial fishing, involving mainly the catching and processing of shrimp, lobster, and tuna for export, is a minor economic activity. Lumber production is estimated at 175 million board feet annually, nearly all of which is used domestically. Costa Rica has one oil refinery. Its electric power industry is the largest in Central America; capacity exceeds demand by about 20%. The Aluminum Corporation of America (Alcoa), expects to complete by the late 1970s a \$60-million alumina plant with an annual capacity of 400,000 metric tons. The plant could export alumina worth \$25 million yearly and yield approximately \$4 million in revenues, wages, and payments annually.

During the 1960s, manufacturing output grew rapidly and became more diversified, in part because of the stimulus provided by the formation of the Central American Common Market. An average annual growth in real terms of about 9% in 1962-68 raised output from 16% to 19% of GDP. Preliminary data show that exports of manufactured goods amounted to over \$54 million in 1970, compared with \$19 million in 1965.

Transportation and communications

Transportation and communications in Costa Rica barely satisfy existing requirements. The major rail, highway, and civil air routes radiate from San Jose, which also has the country's only international airport. Costa Rica has 407 miles of railroad. The rail line from the principal port of Limon on the Caribbean coast through San Jose to the second-ranking port of Puntarenas on the Pacific coast is by far the most important transportation feature. It passes through the most heavily populated and economically productive area of the country and carries the exports and imports for San Jose and the highlands region. Highways are of considerable importance to the economy; 11,800 miles of roads, of which 3,800 miles are improved, provide essential feeder services to other transport media and connect agricultural regions, processing plants, and market places. The Inter-American Highway extends northwest-southeast through the country and forms the backbone of the road system.

Domestic civil aviation has only minor significance, mainly because of the small size of the country. In shipping, Costa Rica owns one merchant vessel of 5,000 registered gross tons.

Domestic telecommunications facilities are generally poor, but international facilities are above average for Central America and satisfy most requirements.

Government economic policy and financial system

Government economic policy of the last two administrations has focused on diversifying and otherwise promoting both industrial and agricultural growth while preventing excessive inflation. Industrial development has been stimulated by the 1959 Industrial Development Law, by the formation of the Central American Common Market (CACM), and by expanded credit facilities. In agriculture, price supports for the basic domestic consumption crops strengthen production incentives, and fiscal measures, selective credit extensions, and marketing assistance have promoted diversification.

In recent years, the central government's expenditures have considerably exceeded revenues. Expenditures increased 25% during 1971 over 1970, while revenues rose by less than 5%. The budget deficit was over 20% of expenditures in 1971, compared with 10% in 1970. The deficit was financed largely through external borrowing in 1965, borrowing from the Central Bank in 1966 and 1967, and bond sales to the private sector in 1968, 1969, and 1970.

Import duties remain the government's main source of revenue, but their share of the total income fell from 45% in 1965 to 23% in 1970. The decline reflects expansion of duty-free imports from CACM, liberalization of import duty exemptions under the 1959 Industrial Development Law, and the shift from import duties to excise taxes on gasoline with the beginning of oil refining. Direct tax revenues increased sharply during 1967-1968, primarily as a result of temporary surcharges on property and income taxes. The country's banking system consists of the Central Bank, four government-owned commercial banks, and branches of two foreign banks. Other financial institutions include the National Insurance Institute, the Workers Bank, and the National Housing and Urbanization Institute, which makes housing loans. In recent years, about 20 privately owned finance companies have been established, primarily to extend consumer and commercial loans. In May 1969, congress authorized a national savings and loan system to grant housing loans. There is no organized stock exchange, but an active bond market specializes in central government securities, bonds of various government agencies, and mortgage bonds.

Foreign trade

Because of its small size, lack of mineral resources, and relatively minor industrial capacity, Costa Rica depends heavily on imports for various industrial materials, consumer goods, and capital equipment. Imported consumer goods, for example, account for about 15% of private consumption expenditure. Imported producer goods and construction materials make up some 35% of gross fixed investment. To finance needed imports, the country exports mainly tropical agricultural commodities. In addition, greatly increased sales of meat and manufactured goods have helped to boost exports. Nevertheless, the country's trade deficit climbed from \$55 million in 1969 to \$117 million in 1971; the deficit now equals about one third of imports. The US remains Costa Rica's major trading partner, purchasing 47% of its exports in 1970 and supplying 35% of Costa Rica's imports. The import percentage is the same as 1969, but has declined from 46% ten years ago. This is due, in part, to increased imports from CACM nations. Other important trading partners include the European Common Market countries (especially West Germany) and Japan. Trade with Communist countries was negligible until 1968, when Costa Rica first began selling coffee to the USSR. The Figueres administration has been negotiating with several East European countries for increased trade.

Balance of payments

Costa Rica has experienced balance-of-payments problems since 1962 because of increased budget deficits financed partly with Central Bank credits. The consequent monetary expansion stimulated imports and caused growing payments deficits. This continued heavy volume of imports boosted balance-of-payments deficits to \$86 million in 1970 and Costa Rica's net foreign exchange reserves dropped by some \$12 million, to a level of \$26 million at the end of 1970. In the first nine months of 1971 imports were 11% higher than in the comparable period in 1970; simultaneously, exports rose by less than 2%. Foreign exchange reserves continued to fall in the early months of 1971. As a result, in June 1971 a dual exchange rate system was re-established: the official selling rate remained unchanged at 6.65 colones per dollar, while the free market rate was allowed to move to 8.60 colones. At the end of 1971, net foreign exchange reserves stood at \$36.8 million.

III. POLITICAL SITUATION AND TRENDS

Historical summary

At the time of the Spanish conquest, there were fewer Indians in Costa Rica than in the rest of Central America and only an insignificant number of these survived the first years of Spanish domination. The lack of a native labor supply made the colony unattractive to immigrants, but those who did come were hardy farmers whose descendants today are an industrious people more completely European in blood than those of any other Latin American country except Uruguay and Argentina. Concentrated in one small area on their central plateau, and able because of their geographic position to remain aloof from the continual conflicts among the other states, the Costa Ricans attained a truly republican government earlier than most of the American republics.

Even in the first years of independence, the Costa Ricans suffered less from internal political strife than did their neighbors. There were brief struggles among the various towns arising from disputes over the location of the capital, and there were periodic revolts and coups, but they caused little bloodshed or destruction. Political affairs were dominated by a few prominent families. Notable among the early presidents was Braulio Carrillo (1835-37 and 1838-42), who first promoted coffee growing. His subdivision of the common lands formerly held by the towns considerably increased the number of small landowners, and these peasant proprietors gave the country a political and social stability that made it different from its neighbors. The first real election in Central America was held in Costa Rica in 1889. The only interruptions to constitutional government in the 20th century were a brief military intervention in 1917 and the civil war of 1948, which occurred when forces led by Jose Figueres revolted against the arbitrary annulment of an election (of Otilio Ulate) and installed a government junta, which prepared a new constitution and confirmed the election of Ulate. Under the presidencies of Ulate (1949-53) and Figueres (1953-58) economic and social development continued. Following an interlude of more conservative governments, Figueres was again elected president in 1970.

Structure and functioning of the government

The present constitution (the ninth) was promulgated in 1949, following the 1948 revolution. The document is similar to its predecessor, the constitution of 1871, with modifications to achieve more representative

government, better safeguards against political abuses, and broader coverage of social and economic matters. It provides for a unitary, representative system, with powers distributed among executive, legislative, and judicial branches designed to operate on the basis of checks and balances.

After Figueres' present term, a citizen will no longer be able to seek the presidency if he has held that office before, according to a new constitutional amendment. The president exercises executive authority. His formal power is somewhat less than most other Latin American chief executives but, nevertheless, is quite broad and is augmented considerably if he has sufficient influence within his party and his party dominates the legislature.

The unicameral and popularly elected Legislative Assembly has 57 deputies apportioned among the seven provinces on the basis of population. Election is by a system of proportional representation and re-election immediately after a four-year term is prohibited. Costa Rica's legislature functions with more independence and has a larger actual role in the government than any other Central American legislative body.

Costa Rica's judicial system is highly centralized. With the exception of the Supreme Electoral Tribunal, all courts and all officials and employees of the judiciary are subordinate to the Supreme Court of Justice. The 17 Supreme Court justices are elected by the assembly for an eight-year term automatically renewable unless terminated by a two-thirds vote of the legislature. By a two-thirds vote the Supreme Court may declare unconstitutional laws passed by the assembly and decrees issued by the executive. The Supreme Court is the highest court of appeal and has within its exclusive jurisdiction the issuance of the writ of habeas corpus.

In addition to the three branches of government, the governmental structure includes 32 autonomous and semi-autonomous agencies which have come to occupy an important national position. These agencies have juridical standing and legal independence. One important area in which the autonomous institutions are controversial is the country's banking system, which is made up of several of these agencies.

The constitution divides the national territory into provinces, cantons, and districts. The seven provinces are divided into 69 cantons (cantones), subdivided into 367 districts (distritos). Government at the provincial level is not highly developed. The provinces are used principally for handling police, judicial, and other regulatory functions. There are no provincial legislatures.

The executive authority is vested in a civil governor appointed by the president for a renewable three-year term. The governor maintains public order, advises officials of both the national government and the cantons, and presides at public, civic, and religious ceremonies. For all practical purposes, though not officially, he acts as mayor of the provincial capital.

Political dynamics

Costa Rica is well known as one of the few Latin American nations that chooses its government in free and relatively honest elections. The country has no tradition of military intervention in the political process. Political choice and persuasion are exerted through business and professional associations. Labor unions, the church, and student groups are not significant political forces.

Competition in recent presidential elections has had many of the characteristics of a two-party system. In general, every electoral contest in recent years has pitted the National Liberation Party (PLN) against other major parties combined temporarily against it. In the 1966 election, the Republican Party (PR) and the National Union Party (PUN) formed a coalition called the National Unification (UN)—the first time the major portion of anti-PLN forces presented a united front on all levels. An incumbent party has never been re-elected consecutively in Costa Rica.

The PLN, Costa Rica's dominant party and winner of the 1970 elections, has been a major force since it began participating in elections in 1953. The party was founded in 1945 as the Social Democratic Party (PSD) by Jose Figueres, a liberal who became the leader of the 1948 revolution which was touched off when President Teodoro Picado called for the Legislative Assembly to annul elections to void the victory of opposition coalition candidate Otilio Ulate. The opposition forces under the command of Figueres emerged victorious, set up the Founding Junta of the Second Republic, and immediately recognized Ulate as president-elect. The PLN is one of several democratic, socialist-oriented parties in Latin America that are strongly anti-Communist in outlook. The party stresses free elections, social reform, and the raising of educational, economic, and social standards; it advocates a mixed economy in which the government would play an important role through the autonomous public agencies. It favors improved trade agreements rather than increased aid from abroad.

Figueres' victory in 1970—55% of the vote—was accompanied by a legislative majority (32 of the 57 seats) for the PLN as well. On the surface

the party appears stronger than it has been for over a decade. If the PLN can maintain party unity for the coming electoral campaign, it appears to have the greatest chance ever of maintaining power for a second consecutive term.

The Republican Party (PR) has been the party most oriented to personalities. Its leader, until his death in June 1970, was Dr. Rafael Angel Calderon Guardia, president of Costa Rica from 1940 to 1944. In 1966 the PR formed the major part of the UN coalition that successfully backed Jose Joaquin Trejos for the presidency. It also comprised the bulk of the UN in 1970; in that year the UN unsuccessfully backed Mario Echandi's presidential ambitions. With the disappearance of its leader, the PR split in 1971. The majority faction formed the National Unification Party while the minority group formed the National Republican Party (PRN), which is now aligned with a newly formed opposition coalition. The National Unification Party is scheduled to hold its national convention in December 1972 at which time a presidential candidate will be selected to oppose the PLN in the 1974 elections.

Once an important element in any anti-PLN coalition, the National Union Party (PUN), like its aging founder, Otilio Ulate Blanco, is growing weaker. The PUN was a partner in the UN coalition in 1966, but did not officially support Echandi in 1970. The PUN ran its own slate of legislative candidates but elected no deputies to the assembly, an indication of the party's extremely weak position. Thus far in the present campaign, the PUN has opted to remain independent of any opposition coalition.

The Authentic Republic Union Party (PURA) was formed after the 1962 election by ex-president Echandi. Echandi had been at odds with Ulate since 1953 when the latter, declaring himself completely impartial in the political maneuvering preceding the 1953 election, refused to support Echandi's bid for the nomination. The membership consists chiefly of Echandi's former followers in the PUN. While Echandi lost the 1970 presidential election, nearly half of the 22 deputies elected by the UN are PURA members. Echandi is now at odds with the UN and the PURA has merged with the Popular Union Party (PUP), presently associated with the so-called Grand Coalition, a new opposition grouping.

The National Christian Alliance (ANC), formed in September 1972, is made up of three parties and a third front whose leaders are dissident UN and PLN members. The ANC is scheduled to hold an extended convention from November 1972 to March 1973 to select candidates for the presidency and the assembly. Its platform is similar to the National Unification Party's,

and it may opt to support their party in order to form a united opposition and increase its chances of defeating the PLN.

Several other small parties that participate in elections include the Christian Democrats, a Communist-front group, and the recently formed National Independent Party (PNI).

Security system

The Costa Rican people have demonstrated a deep aversion to militarism and have abolished the army as a permanent institution. They also distrust the concentration of armed power in one organization or institution, and law enforcement responsibility is distributed among four separate ministries of the government. The most important of the police organizations, and the only one with any military capability, is the 2,470-man Guardia Civil under the minister of public security. Other organizations include the 110-man Directorate of Criminal Investigation, the 80-man Immigration Police, the 140-man Transit Police, the 300-man Customs Police, and the Ministry of Government, Justice, and Interior Rural Assistance Guard (variously reported as having 2,000-4,700 members, including auxiliaries). Costa Rica also has a 150-man Instant Reaction Force designed to cope with minor rebellions and riots. This fragmentation of security forces makes coordination and cooperation difficult and hinders effective operations.

Investigation of subversive activities is the responsibility of the National Security Division (DSN) of the Civil Guard's Directorate of Criminal Investigations (DIC) which has a total of 110 members. The DSN was established in 1968 as a replacement for its more autonomous predecessor, the Security Agency of Costa Rica. It has powers of arrest, search, and seizure, but it normally does not use them; the DSN generally collects evidence of subversive activities and then turns it over to other components of the DIC or other government agencies for appropriate action.

IV. SUBVERSION

With its record of stable, democratic government, Costa Rica has experienced less subversive activity than most other Central American countries. The population in general is not inclined to settle disputes by violence, and the relative permissiveness of the social and political environment allows all shades of opinion to be expressed. However, a number of mutually related economic and social problems such as rapid population growth, chronic unemployment, and the subsistence level of existence of most rural workers could, if not corrected, constitute a future threat to the normal stability of the country. In addition some political disaffection among younger elements is becoming increasingly evident.

Communist party and leftist subversive groups

Although small, illegal, and weakened somewhat by internal personal rivalries, the Popular Vanguard Party (PVP) is the oldest, best organized, and best disciplined Communist party in Central America. The membership is relatively well grounded in Marxist philosophy, and leaders of other Communist parties frequently turn to PVP leaders for counsel. The PVP was very influential in the government from 1940 to 1948. Following the 1948 civil war the PVP was declared illegal, but it has been permitted considerable freedom in the democratic political climate of Costa Rica.

In mid-1972 the PVP reportedly had 3,500 members—a tremendous increase from the 800-plus reported in mid-1969—and about 10,000 sympathizers. The largest concentration of members is in the capital city area, but, unlike other Central American Communist parties, PVP members are fairly well distributed throughout the country. The Soviet-aligned PVP has tactically eschewed violence in favor of democratic means of attaining power, and although the youth of the party frequently evinces impatience with the old-guard leadership no pro-Chinese faction has developed. The principal source of funds for the PVP is the Soviet Union, and salaries for party leaders as well as other expenses have been paid by Moscow for many years.

The Costa Rican Vanguardist Youth (JVC), known as the Costa Rican Socialist Youth (JCS) until September 1969, is the youth wing of the PVP. The JVC has an estimated 150 members, but these are not part of the PVP membership. Costa Rican politicians have expressed serious concern regarding Communist inroads of both domestic and foreign origin among the nation's youth. The Soviet training program at the undergraduate level is

aimed at disaffected members of the younger generation, especially those from campesino and lower middle class families for whom jobs and educational opportunities are limited. Since January 1960 over 300 Costa Rican youths have studied in the USSR and Eastern European countries. This fall, 23 students were scheduled to study in European Communist countries, including 13 slated for Patrice Lumumba University in Moscow. Other Costa Ricans—about 50, almost all of them party members—have studied in Cuba; 44 are known to have received guerrilla training.

The PVP's principal targets have been students and labor; its greatest success thus far has been in the labor field, especially among agricultural and urban transport workers. Students are emerging from their traditional political apathy and may become easier prey to PVP proselytizing in the future. Efforts to organize women into a front group have been minimal, and the response has been apathetic.

In 1970 the PVP used the Socialist Action Party (PASO) as its political front for the elections. PASO offered candidates for president, vice president, and the legislature. Candidates to the legislature received 29,133 votes of a total valid vote of 530,425 and two deputies were elected. The PVP has thus demonstrated a vote-getting ability well beyond its membership.

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VI. ARMED FORCES

Costa Rica has no military establishment and the country's security forces are completely responsive and subordinate to the government. Costa Rica's principal security force, the 2,470-man Civil Guard, performs the functions of a national police force. The Guard is organized and equipped for civil rather than military actions. In time of war or aggression from neighboring countries, the bulk of the Guard would continue its police function; a 150-man Instant Reaction Force (IRF) has the mission of defeating small uprisings or guerrilla movements. In a national emergency of this scope, it is traditional for Costa Rica to rely on "minutemen"—loosely organized groups of armed citizens.

The capabilities of the Civil Guard are limited. It can handle minor riots and insurrections, but it could not cope with widespread outbreaks of violence or large disturbances, counter extensive or prolonged guerrilla operations, or resist a well-organized attack from neighboring countries. If the country were invaded, the government would appeal to the Organization of American States for help as it did in 1949 and again in 1955. Because of the rapid growth of the Costa Rican population and an increase in crime, the Civil Guard is being pressed to its maximum capability just to perform routine police duties.

The Civil Guard also includes air and maritime sections. The Air Section is located at Santa Maria International Airport in San Jose, and consists of four Cessnas, four pilots, one mechanic, one secretary, and three enlisted men assigned for general duty. The Air Section is capable of providing limited daytime surveillance, has transported supplies and men from one part of the country to another, and frequently engages in search and rescue missions and medical airlift. The Coast Guard has three patrol boats, two stationed at Puntarenas on the Pacific coast and one at Limon on the Caribbean coast. The Coast Guard's main activity is patrolling the fishing waters.

The budget for the Ministry of Public Security, which contains funds for the Civil Guard, is \$3.7 million for 1972, about 2% of the total budget.

Private militias

Beginning in 1948 with the forces led by Jose Figueres, there has been a tendency for Costa Ricans of different political and ideological persuasion to

form into private militia groups. Most are, or have been, identified with a revolutionary or political figure and draw their members from veterans of past political struggles. They generally are loosely organized and lack discipline. They are basically anti-Communist and often see themselves as the only bulwark against subversion and as the guardians of the nation's traditions. The National Liberation Party (PLN) security wing, called the Department of Special Services (DSE), is sometimes referred to as the private army of Jose Figueres. The basic contingency force, which numbers about 600 men, undergoes simple training in private homes. Its weapons include M-1 and M-3 rifles and an assortment of pistols and other rifles as well as a few mortars and machine guns cached around the country.

The Free Costa Rican Movement (MCRL), an anti-Communist organization, is composed chiefly of about 200 Costa Rican businessmen and other upper middle class professionals. The group has occasionally been investigated for alleged involvement in smuggling activities and the possession of an illegal store of weapons. It has also been charged with plotting to overthrow the government after Figueres announced the establishment of a Soviet Embassy in San Jose in early 1972. The MCRL has neither the resources nor the support to topple the government.

Former minister of security Frank Marshall has an appeal among the irrational anti-Communist fringe of the population. His armed following is estimated to be less than 20 men.

VII. FOREIGN RELATIONS

Costa Rica's position as one of the smallest countries in Latin America has tended to limit its role in international affairs. Its democratic principles and practices, however, are firmly established, and consequently the country has achieved an influential position as spokesman for democratic humanitarian principles in the Western Hemisphere.

Costa Rican foreign policy is governed by two principal objectives: physical security and economic stability. Costa Rican governments have sought to further these objectives through close cooperation with the United States and through the attainment of status within inter-American councils. In the latter effort, Costa Rican officials have on occasion felt the need to demonstrate their country's independence, particularly of the United States. This has been responsible for some seeming inconsistencies in Costa Rica's foreign policies.

With relatively few exceptions, relations with the United States have been markedly cordial for a century, a reflection of the Costa Ricans' general friendship for the US. To a considerable extent their attitude is based on the existence of mutual respect for constitutional government and democratic traditions, on admiration for US achievements in industry and technology, and on high regard for the US position of leadership in the free world. Other considerations stem from the close commercial links and heavy economic and military dependence upon the US.

During the Orlich administration (1962-66), the government instinctively tended to support the US position on international political issues, although important elements within the PLN sometimes seriously disagreed with US policy. The Dominican crisis in the spring of 1965 demonstrated the willingness of the government leadership to support US actions even when measures difficult to reconcile with PLN principles were being taken. In spite of international pressures from sister "democratic left" parties of the PLN in Peru, Chile, and Venezuela, Costa Rica resisted the temptation to give less than full support to the US and was the second Latin American country to provide a police contingent for the Inter American Peace Force.

Despite this tradition of support for the US on political matters, Costa Rica has at times been critical of US economic policies vis-a-vis other nations

of the Western Hemisphere. This attitude, common to many Latin American countries, reflects their belief that the US has not given sufficient financial and technical aid to the American republics and that the US, as a highly developed industrial nation, has an obligation to assure the predominantly agricultural countries of Latin America continued high prices for their chief export crops, of which the US is the principal consumer.

Costa Rica claims a 12-mile territorial sea, but allows innocent passage by civilian air and sea craft. It also claims an adjacent 200-mile zone identified as the "Patrimonial Sea" over which Costa Rica claims special jurisdiction to protect, conserve, and exploit the natural resources.

Costa Rica signed the multilateral treaty on Free Trade and Central American Economic Integration in 1958, but reluctantly and tardily ratified the agreements and became a member of the CACM in 1963, concluding that membership was the lesser evil. Among its doubts was the belief that its peripheral southernmost location would be disadvantageous.

Costa Rica has traditionally been a haven for those persecuted for their political beliefs. Costa Ricans also desire to preserve internal and external peace and tend to look with disfavor upon anyone whose actions or presence causes friction with a neighboring country. Costa Rica's relations with Panama were strained as a result of the military coup in Panama in October 1968, following which dissident Panamanians operated from their presumed safe haven on the Costa Rican side of the border. On several occasions, however, Panamanian National Guardsmen entered Costa Rican territory to apprehend dissidents. These incidents ceased in late 1969, and relations have been normal since that time.

Traditional aloofness from the Communist nations has faded because of the attractiveness of trade deals whereby Costa Rica can dispose profitably of its surplus coffee. The Figueres government has moved ahead rapidly on negotiations with Eastern European countries begun under the preceding Trejos administration. As of mid-1972, Costa Rica had diplomatic relations with the USSR, Czechoslovakia, Bulgaria, Yugoslavia, Hungary, Poland, and Romania. The USSR established an embassy in January 1972; the others maintain relations through non-resident ambassadors accredited to San Jose.

Costa Rica and the USSR resumed diplomatic relations on 24 August 1970 and had earlier signed an agreement and protocol permitting an exchange of trade missions. The Soviet loan to Costa Rica of \$9 million in roadbuilding equipment and technical assistance, and the movement in

general toward closer relations with the Communist nations, were subjects of public controversy. The public media for the most part opposed the government's policy.

President Figueres has said that Cuba definitely constitutes an exception to his open-door attitude toward the Communist bloc. He strongly dislikes Castro and considers his detention of political prisoners particularly repugnant. Figueres is unwilling to see Cuba return to the inter-American community under prevailing circumstances.

Costa Rica has long been an ardent supporter of the Organization of American States (OAS) as the best vehicle for settling international disputes in the region. Its attachment has been strengthened by the two occasions (1948 and 1955) when that body acted to halt invasions of Costa Rica territory from Nicaragua.

Within the OAS, Costa Rica vigorously supported the Venezuelan charges and case against Cuba in 1963. Costa Rica also advocated the complete economic blockade of Cuba, and helped to originate the demand for the political blockade of Cuba that led all the remaining Latin American states with diplomatic missions in Havana, except Mexico, to break relations with Cuba.

Costa Rica attaches considerable importance to the UN and to participation therein. Costa Rica is active in such fields as human rights, where it believes it can make a useful contribution, but the necessarily small size of its UN mission prevents its effective participation in the multiple activities of the organization. Costa Rica's representatives have generally been of high caliber; the chief UN post is considered the second most important in Costa Rica's diplomatic service after the position of ambassador to the US (who is also the representative to the OAS).

VIII. US INTERESTS

Economic and technical assistance programs

On a per capita basis, Costa Rica has ranked next to Panama as the largest US economic aid recipient in Central America under the Alliance for Progress. Authorized loans and grants from the US amounted to some \$181 million during 1946-71. This aid included \$95 million in grants. In addition, the Import-Export Bank approved \$35 million in credits during the same period.

Investments

The largest share of total foreign investment is held by US firms and individuals. This share was estimated at \$160 million at the end of 1970 out of a total estimated foreign investment of \$210 million. The three largest US investors are the United Fruit Company, Standard Fruit Company, and Firestone.

Costa Rica encourages foreign investment and accords it the same treatment as domestic capital. Incentives are granted for some type of investments.

Trade and trends

The US is Costa Rica's principal trading partner, accounting for about one third of its imports and one half of its exports. The Central American Common Market is second in Costa Rican trade, and West Germany is third.

IX. CHRONOLOGY AND TABULAR DATA

Chronology of Key Events

- 1948 (1 Mar) National Assembly nullifies elections when victory of opposition National Union Party (PUN) candidate Otilio Ulate becomes evident.
- (12 Mar) Civil war erupts with revolutionary army led by Jose Figueres. Government forces are defeated after six weeks of strike, and Figueres heads "Founding Junta of the Second Republic" (in control until Ulate's inauguration in 1949).
- (Dec) Nicaraguan-supported forces of ex-president Calderon invade Costa Rica from Nicaragua. Invasion repelled with assistance from OAS.
- 1949 (8 Nov) Ulate inaugurated president; new constitution goes into effect.
- 1953 (26 Jul) Figueres, candidate of the National Liberation Party (PLN), elected president; PLN wins 30 of 45 legislative seats.
- 1954 (3-4 Apr) Nicaraguan exiles based in Costa Rica unsuccessfully attempt to assassinate Nicaraguan President Somoza. Somoza, convinced of Figueres' implication, vows revenge.
- 1955 (Jan) Invasion of Nicaraguan-based Costa Rican exiles backed by Somoza is halted by OAS intervention.
- 1958 (2 Feb) Opposition (PUN) candidate Mario Echandi wins presidential election but legislative majority is controlled by PLN.
- 1962 (4 Feb) PLN candidate Francisco Orlich elected president; PLN wins 28 of 57 legislative seats.
- 1963 (18-20 Mar) President Kennedy meets with Central American presidents in San Jose.

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No Foreign Dissem

- (Mar) Ashfall from erupting Irazu volcano begins.
- 1966 (6 Feb) Jose Joaquin Trejos, candidate of coalition formed to defeat PLN candidate Daniel Oduber, wins narrow election victory. PLN retains legislative majority.
- 1968 (Jan) Government is embarrassed by contraband whisky scandal involving high officials.
- (8 Jul) President Johnson visits San Jose.
- 1970 (1 Feb) PLN candidate Figueres elected President; PLN wins 32 out of 57 legislative seats.
- (24 Apr) University students riot to protest legislative approval of an Alcoa contract.
- 1972 (Jan) Figueres government allows USSR to establish an embassy in San Jose, the Soviets' first in Central America.

TABULAR DATA

Holidays and Significant Dates

1 January	New Year's Day
19 March	St. Joseph
March/April	Holy Week
March-November	Secondary schools in session
1 May	Labor Day
13 June	Corpus Christi
2 August	Our Lady of the Angels
15 August	Assumption
15 September	Independence Day
12 October	Columbus Day
8 December	Immaculate Conception
25 December	Christmas

Selected Factual Data

LAND

19,700 sq. mi.; 30% agricultural land (8% cropland, 22% meadows and pasture), 60% forested, 10% waste, urban, and other
Limits of territorial waters: 12 n.m. (fishing 200 n.m.)

PEOPLE

Population: 1,836,000; males 15-49, 395,000; 265,000 fit for military service; average number reaching military age (18) annually about 22,000
Ethnic divisions: 98% white (including mestizo), 2% Negro
Religion: 95% Roman Catholic
Language: Spanish
Literacy: approximately 80%
Labor force: 530,000 (1970); 46.3% agriculture; 13.2% manufacturing; 11% commerce; 8% construction, transportation, and communications; 21.5% other; shortage of skilled labor
Organized labor: about 6% of labor force

GOVERNMENT

Legal name: Republic of Costa Rica
Capital: San Jose

Political subdivisions: seven provinces
Type: Unitary republic
Legal system: based on Spanish civil law system; constitution adopted 1949; judicial review of legislative acts in the Supreme Court; has not accepted compulsory ICJ jurisdiction
Branches: President, unicameral legislature, Supreme Court elected by legislature
Government leader: President Jose Figueres
Suffrage: universal and compulsory age 18 and over
Elections: every four years; next, February 1974
Political parties and leaders: National Liberation Party (PLN), Daniel Oduber; National Unification Party (UN), Francisco Calderon Guardia; National Union Party (PUN), Otilio Ulate; National Republican Party (PRN), Longino Soto Pacheco; Popular Union Party (PUP), Mario Echandi; Christian Democratic Party (PDC), Jorge Monge Zamora; Third Front (PFN), Virgilio Calvo; National Independent Party (PNI), Jorge Gonzalez Marten; Socialist Action Party (PASO), Marcial Aguiluz; Revolutionary Civic Union Party (PUCR), Frank Marshall; Costa Rican Socialist Party (PMSC), Arnaldo Mora Rodriguez; Popular Vanguard Party (PVP) (Communist, illegal), Manuel Mora.
Voting strength (1970 election): National Unification (coalition of PUN, PR, and PURA), 41.1%; PLN, 55%; PFN, 1.7%; PDC, 0.9%; PASO, 1.3%
Communists: 3,500 members, 10,000 sympathizers
Members of: CACM, IADB, IAEA, ICAO, OAS, UN

ECONOMY

GNP: \$982 million (purchasing power parity estimate, 1971), \$555 per capita, 14% government consumption, 67% private consumption, 23% domestic investment, 6% inventory, 10% net foreign balance (1970); real growth rate 1971, 5.5%
Agriculture: main products—bananas, coffee, sugar cane, rice, corn, cocoa, livestock products; caloric intake, 2,610 calories per day per capita
Major industries: food processing, textiles and clothing, construction materials, petroleum products
Electric power: 237,000 kw. capacity (1969); 965 million kw.-hr. produced (1970); 536 kw.-hr. per capita (1970)
Exports: \$231 million (f.o.b., 1971); coffee, bananas, sugar, beef, chemical products
Imports: \$348 million (c.i.f., 1971 est.); durable consumer goods, machinery, transportation equipment, chemicals, foodstuffs

~~SECRET~~
No Foreign Dissem

Major trade partners: US 47%, CACM 20%, EEC 13%, Japan 9% (1970)
Direct US investment: \$160 million (1971), concentrated in manufacturing

Aid:

Economic—extensions from US (FY1946-70), \$116.7 million loans, \$91.5 million grants; from international organizations (FY1946-70), \$132.7 million; from other Western countries (1960-68), \$1.8 million

Military—assistance from US (FY1960-70) \$1.8 million

Monetary conversion rate: 6.65 colones=US\$1 (official selling rate); 8.60 (free market rate)

Fiscal year: calendar year

COMMUNICATIONS

Railroads: 407 miles; 395 mi. 3'6" gauge, 12 mi. 3'0" gauge all single track, 72 mi. electrified

Highways: 11,700 mi.; 85.0 mi. paved, 3,200 mi. gravel; 7,650 mi. earth

Inland waterways: about 455 mi. perennially navigable

Pipelines: refined products, 75 mi.

Ports: 3 major, 4 minor

Civil air: 17 major transport aircraft

Airfields: 198 total, 122 usable; 10 with permanent surface runways; 8 with runways 4,000-7,999 ft.; 2 seaplane stations

Telecommunications: domestic telephone service greatly improved with new automatic exchanges; 61,300 telephones; connection to international Central American microwave net began in November 1971; VHF radio system being installed; 330,000 radio and 100,000 television receivers in use; 45 AM, 9 FM, and 12 TV stations

DEFENSE FORCES

Personnel:

Civil Guard: 2,470 (basically a police force; constitution prohibits armed forces)

Major ground units: over half of the Civil Guard is stationed in San Jose; remainder organized into 6 provincial capital commands; forces in San Jose consist of radio patrol unit, military police company, and three Civil Guard companies

Ships: 3 patrol craft

Aircraft: 4 prop (light)

Supply: dependent on imports from US

Military budget: for fiscal year ending 31 December 1972, \$3.7 million for Ministry of Public Security, including Civil Guard; about 2% of total budget

RELATIONS WITH COMMUNIST COUNTRIES

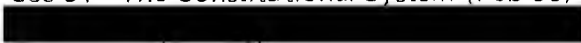
Diplomatic relations with Hungary, Poland, Yugoslavia, Romania, Czechoslovakia, Bulgaria, and the USSR. All except the USSR have only non-resident ambassadors accredited to San Jose.

National Intelligence Survey (NIS) Material

The following sections of the NIS are relevant:

NIS Area 76 (Costa Rica)

GENERAL SURVEY (August 70) and the following specialized sections:

- Sec 21 Military Geographic Regions (Nov 64)
- Sec 23S Meteorological Organization and Facilities (Mar 68)
- Sec 24 Topography (May 64)
- Sec 25 Urban Areas (Jan 60)
- Sec 36 Merchant Marine (Aug 56)
- Sec 41 Population (Feb 55)
- Sec 42 Characteristics of the People (Apr 58)
- Sec 45 Health and Sanitation (Sep 67)
- Sec 51 The Constitutional System (Feb 55)
- 
- Gazetteer (Apr 56)

NIS Area 71-77 (Central America)

- Sec 22 Coasts and landing beaches (Jun 69)
- Sec 23 Weather and Climate (Dec 69)



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